

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST OF SHELBY ENERGY COOPERATIVE, ) CASE NO.  
INC. FOR A TEMPORARY DEVIATION FROM ITS ) 2010-00331  
SAMPLE METER TESTING PLAN )

ORDER

On September 14, 2010, Shelby Energy Cooperative, Inc. ("Shelby Energy") filed its application for a temporary deviation from its sample meter testing plan. Shelby Energy's sample meter testing plan requires testing existing in-service meters by dividing them into separate groups and testing randomly sampled meters from each group based on accepted statistical principles.

Shelby Energy requests authority to suspend sample meter testing for years 2010 and 2011 for existing meters which were in service on or before October 4, 2010, and authority to suspend sample meter testing of the newly-installed Advanced Metering Infrastructure ("AMI") meters, until each group of new meters has been installed. The deviation will allow Shelby Energy to form new meter groups and retire the old meter groups without pulling samples from the old group. Shelby Energy states that regular testing will resume in 2012.

Shelby Energy is in the process of installing an AMI system. During the installation process, all existing single-phase meters will be removed and replaced by new solid state meters that are compatible with the new AMI system. All existing meters will be changed out before the end of calendar year 2011 and tested when removed from the system. Upon completion of the installation of the AMI system, all

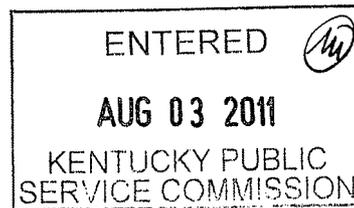
single-phase meters on Shelby Energy's system will have been tested by the manufacturer within the previous two years. Shelby Energy is using contractors to change out the old meters. The old meters are being replaced after meter readings are performed by the cooperative's meter reading contractors. During the replacement process, the old meters will be photographed before removal from the premises and the new replacement meters will be photographed following installation, with the photograph of each preserved side-by-side, along with the GPS (global positioning system) location of the meter. Shelby will store the removed meters for at least six months, which will allow a customer time to request a meter test, if desired. Shelby Energy asserts that continuing the existing sample meter testing will be both wasteful and duplicative. Existing meters within each meter group are scattered throughout its system, as those meters were installed on an as-needed basis. Continuing the existing sample meter testing plan on the old meter groups will require randomly chosen meters to be pulled from various parts of its system. Under the existing plan, considerable time and expense will be required to pull samples and test meters at the same time meters are being changed out. Any meters not still in service will have to be located in storage and pulled for testing. If the requested deviation is granted, Shelby Energy estimates that it will save a total of \$19,000 in meter testing costs over the two-year process.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that Shelby Energy's request for deviation from the sample meter testing plan for 2010 and 2011 should be approved because it will reduce inefficiency and provide \$19,000 in savings. Furthermore, as all of Shelby Energy's existing meters will be tested when they are removed from service during its ongoing AMI system

installation, requiring Shelby Energy to test those meters in accordance with its current sample meter testing plan would be unnecessarily duplicative.

IT IS THEREFORE ORDERED that Shelby Energy's request for temporary deviation from its sample meter testing plan for 2010 and 2011 is approved.

By the Commission



ATTEST:

*Stephanie Bell for Jeff Derosier*  
Executive Director

Debbie Martin  
Shelby Energy Cooperative, Inc.  
620 Old Finchville Road  
Shelbyville, KY 40065